



2023 Interconnection Process Enhancements

Track 3 **Updated** Final Proposal

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Executive Summary

The ISO has engaged in a multi-year process to reform the interconnection process in the 2023 Interconnection Process Enhancements (IPE) initiative. Track 1 of the initiative addressed the need to pause clusters 14 and 15 and postpone the opening of cluster 16 to allow time for broader reforms to take shape, and track 2 developed the broader transformational changes to the interconnection request intake and queue management process to apply to cluster 15 and beyond. As the track 2 working group and stakeholder process progressed, the ISO identified the need for a third track to identify opportunities to prioritize projects within a cluster to facilitate timely interconnection of resources, and to address changes to the Transmission Plan Deliverability (TPD) allocation methodology. With this final proposal, the ISO continues to explore these issues as track 3 of the Interconnection Process Enhancements 2023 initiative.

For a generation resource to provide resource adequacy (RA), it must have deliverability status, achieved through an allocation of TPD. That is the capability, measured in megawatts (MWs), of the California ISO-controlled grid—as modified by transmission upgrades and additions modeled or identified in the annual Transmission Plan—to support the interconnection with full or partial capacity deliverability status of additional generating facilities in a specified geographic or electrical area of the ISO-controlled grid. Because most off-takers require a project to be eligible for RA, the TPD allocation process is very important to project development. The ISO believes it is prudent to consider adjusting the TPD allocation process given recent changes to the interconnection process track 2 approval by the Federal Energy Regulatory Commission (FERC) and the ISO's compliance with FERC Order No. 2023.

Stakeholder comments from the most recent draft final proposal and prior working group meetings are reflected in this document. A number of the items explored during working group discussions will require solutions beyond track 3 of this initiative. The ISO will continue to coordinate with state and local regulatory authorities, participating transmission owners, and interconnection customers to address alignment between procurement and development of infrastructure and generation.

The ISO continues to propose the following concepts as a track 3 final proposal:

1. Prioritization of projects within clusters using existing short-circuit duty (SCD) reliability headroom to connect as many projects as possible before reliability network upgrades (RNUs) are completed.
2. Modifications to the TPD allocation methodology to reorganize TPD allocation groups and establish distinct timelines for seeking TPD allocations.

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3. Extending the Second Interconnection Financial Security Posting to align with the new TPD allocation timeline for parked cluster 14 projects.
4. Clarifications to the process of relying on Local Regulatory Authorities to identify long lead-time generation and storage projects for which the ISO has authority to reserve transmission plan deliverability.

Due to a lack of stakeholder support and the need for more discussion, the ISO does not plan to advance the proposal to allow long lead-time resources to defer their first attempt to seek TPD. This proposal will be reconsidered in the next IPE initiative.

The proposed revisions in track 3 align with the strategic direction established by a December 2022 Memorandum of Understanding among the ISO, California Public Utilities Commission (CPUC), and California Energy Commission (CEC), and are part of a broader ongoing effort to tighten linkages among resource and transmission planning activities, interconnection processes, and resource procurement.¹ Adjustments to the track 2 provisions will be addressed in a future interconnection process enhancements initiative, with ample time for stakeholder discussion prior to the cluster 16 interconnection request window. The ISO also will continue to work on interconnection reforms through its compliance with the landmark FERC Orders No. 2023 and 1920.

The track 3 process reforms are designed to accelerate progress toward execution of an interconnection agreement and commercial operation for the most viable and competitive projects in areas that align with local and state resource plans. The goal of the reforms is to onboard in a timely manner the generation and storage resources necessary to meet reliability and policy needs. The ISO looks forward to continuing to work with stakeholders to refine this proposal in the interest of deploying new resources to meet the grid's evolving needs.

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<https://www.caiso.com/Documents/ISO-CEC-and-CPUC-Memorandum-of-Understanding-Dec-2022.pdf>

1. Introduction and Background

With the release of this paper, the ISO continues track 3 of the Interconnection Process Enhancements 2023 initiative.

The ISO initially set out the Interconnection Process Enhancements 2023 stakeholder process to follow two tracks, with track 1 addressing the need to pause cluster 15 and postpone the opening of cluster 16 and track 2 addressing development of the broader transformational changes for cluster 15 and beyond.

On June 12, 2024 the ISO Board of Governors approved the 2023 Interconnection Process Enhancements (IPE) initiative track 2 final proposal, as clarified in the final revised addendum to the IPE track 2 final proposal. The final proposal was approved by FERC on September 30, 2024 and became effective October 1, 2024.

During the track 2 stakeholder process, several new issues were identified relating to the relationship between projects in the interconnection queue and project procurement. Recognizing that while the IPE 2023 track 2 proposals would apply to cluster 15 and later clusters, the issue remained regarding how to revise the TPD allocation methodology and manage the unprecedented volume of cluster 14 and earlier queued projects. With track 2 reforms now in place, the ISO turns its attention to these important issues. In track 3, the ISO is developing reforms that will encourage continued progress toward commercial operation dates and reward active and advanced projects with deliverability in a timely manner. This is a substantial task and one that the ISO hopes to improve through continued feedback from stakeholders.

The ISO is committed to bringing new, approved, and necessary transmission resources into service as soon as possible to ensure reliability and an affordable pathway to decarbonization. The pace of generation development and procurement, however, must align with transmission development. The State of California is experiencing heightened levels of competition for new generation, as evidenced by the swelling of the ISO's interconnection queue in clusters 14 and 15. The ISO has approved many new transmission projects in the last two transmission planning process cycles and is committed to facilitating their on-time completion. But many of these projects will take 8-10 years to complete. Available transmission capacity on the system is finite, which limits the amount of TPD the ISO can allocate to assure generators they can deliver to load during stressed system conditions.

1.1. Track 3 Working Group Meetings

Recognizing the dynamic planning, procurement, and project development landscape, the ISO convened stakeholder working groups to discuss TPD modifications in August and September of 2024.

The working groups were convened to address three categories of issues regarding project development and TPD Allocation timelines:

1. TPD allocation issues for projects with long lead-time or delayed Deliverability Network Upgrades (DNUs) approved in the ISO Transmission Planning Process (TPP).
2. TPD allocation issues for projects with long lead-time or delayed Reliability Network Upgrades (RNUs) where the RNU only moves forward if funded by the projects needing the RNU.
3. TPD allocation issues for long lead-time resources that meet the defined resource policy goals of local regulatory authorities for specific technologies and project locations.

Working group discussions helped the ISO better understand some of the inherent challenges described in the scenarios above, but also clarified that a number of these challenges extend beyond the TPD allocation process. Solutions will therefore also need to extend beyond track 3 of this initiative. The ISO looks forward to ongoing coordination with the CPUC and Local Regulatory Authorities (LRAs) to better align procurement and interconnection milestones. The CPUC's Reliable and Clean Power Procurement Program (RCPPP) will further inform the ISO's efforts to better align planning, procurement, interconnection, and deliverability awards and retention to address some of the challenges discussed in working group meetings.

Further coordination with participating transmission owners (PTOs) to maintain development timelines for network upgrades and transmission development will be critical to bringing new resources online when needed to meet policy and reliability objectives. To this end, the ISO will continue to provide transparency on the status of network upgrades and transmission development through the Transmission Development Forum, which the ISO convenes twice a year.

1.2. Scope of the Track 3 Final Proposal

The ISO now proposes to advance the following concepts in this track 3 final proposal:

- Streamlining interconnection of projects currently in the by prioritizing the use of existing reliability headroom before all RNUs are completed;

- Modifications to the TPD allocation process;
- Adjustment to the Second Interconnection Financial Security Posting for Cluster 14 Parked Projects; and
- Clarifications to the process for reserving deliverability or certain long lead-time generation and storage.

Section 2 of this paper provides additional detail on a proposal for intra-cluster prioritization of projects seeking to use existing short-circuit duty (SCD)/reliability network upgrade (RNU) headroom before all RNUs are completed. Section 3 describes elements related to modifying the TPD allocation and retention processes, considering the earlier discussions and iterations including comments received throughout the IPE initiative on this matter. Section 4 proposes an adjustment to the Second Interconnection Financial Security Posting for Cluster 14 Parked Projects. Section 5 further describes the process for reserving deliverability of certain long lead-time generation and storage resources in the Transmission Planning Process. Sections 6 and 7 outline the role of the Western Energy Markets Governing Body and next steps for the initiative and approvals, respectively.

The ISO anticipates that track 3, like earlier tracks, will result in tariff changes. The ISO plans for these proposed tariff changes to go only to the ISO Board of Governors and not to the Western Energy Markets Governing Body because the changes apply to the ISO-controlled grid and the ISO is not proposing changes to real-time market rules. The ISO anticipates this will continue to be the case independent of potential outcomes of the West-wide Governance Pathways initiative.

2. Streamlining Interconnection Projects in Queue

In the course of the track 2 stakeholder process, issues emerged related to the unprecedented volume of cluster 14 and earlier queued projects. These projects have received final interconnection study results but are behind major network upgrades driven by the excessive number of interconnection projects that moved into the current phase 2 study process. The ISO seeks to address this residual issue, which was not the subject of the transformative track 2 proposal, in track 3. It is imperative that the industry continue to move forward with timely resource interconnections. While the ISO works to implement the track 2 changes, this additional reform is needed—even if only in the transition—to keep resources in those clusters moving forward as effectively as possible. This topic was introduced in the July 8, 2024 straw proposal for Track 3B and has been refined throughout this initiative.

Intra-Cluster Prioritization

Background

The cluster 14 Phase II report identified several long construction-time short-circuit mitigation projects (e.g., circuit breaker replacements with higher short circuit interrupting capacity that require more than five years to complete). It is likely that the need for some of these mitigation projects will be eliminated as natural attrition results in project withdrawals from the queue. However, it could take many years for enough generators to withdraw from the queue, and until that happens, the in-service dates for the affected generation projects will need to reflect the time it will take to complete the short circuit mitigation.

The ISO expects that many of the generation projects could interconnect without triggering the need for the short-circuit mitigation. In other words, the existing system may be able to accommodate some, but not all of the similarly queued projects in an area. Normally such headroom would be allocated by cluster, from earlier to later; but cluster 14 alone is greater than the headroom available. As such, the ISO proposes a new process to allocate the initial, finite headroom. In previous proposals, the ISO proposed an allocation process to allow generators to interconnect up to an amount that would not trigger the need for the long lead-time short-circuit mitigation. The process would be similar to the TPD allocation process.

Stakeholder feedback and discussion

Nearly all stakeholders generally supported this proposal, with some offering various modifications.

Including more than just short circuit mitigation projects

Several stakeholders encouraged the ISO to consider establishing this process more generically so that any long-construction upgrade could be evaluated for some projects to come online before those upgrades' completion. The ISO observes that short circuit mitigation projects are the most prevalent type of long lead-time mitigation projects identified in cluster 14.² There are some long lead-time reliability network upgrades that are not driven by excessive short circuit currently in cluster 14 and earlier clusters.

² The ISO also notes that it already offers several options for projects to come online to some extent before all of their assigned network upgrades, including the limited operation study, operation for markets, energy only operation, and phased construction.

Including those upgrades would require an entirely different study, as well as coordination of those studies and the different groups of engineers doing them. This may extend the timeline needed for the process. However, there are potential additional benefits from including all types of long lead-time reliability network upgrades in the proposed process, so the ISO has incorporated this change in the proposal.

An ongoing process available to both existing and future clusters

Stakeholders acknowledged that the long lead-time project issue is particularly acute with cluster 14, but they also pointed out that it could be an ongoing problem and may affect future clusters. They also noted that projects selected to advance before the completion of the upgrade could withdraw and be replaced by other delayed queue projects. The ISO expects that future clusters will be much smaller than cluster 14. However, because cluster 14 and earlier cluster projects will still be in the queue for some time, the ISO agrees that long lead-time upgrades could still be triggered due to excessive numbers of projects in the queue, and has revised the proposal to be an ongoing process.

Affidavit information

Some stakeholders asked for clarification of the timing and details of the affidavit process. Some suggested expediting the timing. Some agreed with the ISO proposal to use the same affidavit information for this proposal that is used for TPD allocation. The ISO continues to support the idea of using the same information submittals for this proposal as the information submittals that are used for TPD allocation, and the due dates for both will be the same because it is generally the same information. The ISO agrees with the stakeholder comment that implementing a secondary process could become onerous. The next affidavit process and TPD allocation process is scheduled for this August.

A stakeholder requested that the ISO expedite this intra-cluster prioritization proposal, and another stakeholder requested to make this an annual process independent of the TPD allocation process. The ISO is moving forward on this process as expeditiously as possible, with an intent to seek Board Approval in March of 2025; after that, FERC approval will be required. Cluster 15 studies will begin in June and be completed by November. Processing the information needed for scoring in August and subsequently performing the analysis after the Cluster study is the earliest achievable schedule. The TPD allocation process is generally an annual process, and there are efficiency gains from performing the two processes in parallel. Other stakeholders supported the coordination of the two processes.

Allocation priority

One stakeholder proposed that priority should be given to generators with the lowest short circuit contribution so that a greater number of projects can come online earlier. The ISO may consider this proposal, but believes that using the TPD affidavit information is a better indicator of which projects will actually come online on schedule than using the short-circuit contribution. The short circuit contribution will be used as a tie-breaker, if needed.

One stakeholder suggested a process that allows projects to come online under provisional interconnection service in case projects are delayed. Projects interconnected under provisional service must accept operational constraints the ISO may need to impose to maintain reliability. Operational constraints can be managed using a maximum set point on resource output. The ISO believes there is no framework for mitigating short circuit constraints in the operating horizon currently.

Two stakeholders proposed more detailed scoring metrics based on engineering design completion and status of procuring equipment without project specificity. One stakeholder argued that having a gen-tie or a substation already built or in advanced development would show that the generation is more likely to be built sooner. The ISO, however, maintains that the PPA and permitting status of the generation and the other metrics in the TPD allocation process are sufficient indicators of the likelihood of the generation being built sooner.

One stakeholder commented that deliverability upgrade schedules should not prohibit participation in this process. The ISO has modified the proposal to consider deliverability upgrade status and schedules in the scoring process rather than prohibiting participation.

Criteria for identifying long lead-time upgrades

One stakeholder proposed that this process not be limited to upgrades with an estimated time to construct of more than four years, and that serve as the sole reason for delaying the in-service date of multiple generation projects by more than two years. Instead they proposed that the process should include any Network Upgrades where potential headroom is available or at least reduce the timing restrictions. The ISO believes the process needs to be manageable and should not include every RNU, especially because the process will be ongoing. The ISO has already modified the proposal to reduce the number of years to four and two instead of five and three. The purpose of this initiative is to address long lead-time upgrades that are considerably delaying the commercial operation date (COD) of viable generation projects, to have a process that is manageable, and to not impact the ability to complete existing interconnection study work on-schedule. We believe that the proposed criteria is reasonable and meets the purpose of the initiative. We need to minimize the need to

assess multiple upgrades for overlapping groups of generators because that could require an excessively complex and time consuming iterative analysis.

One stakeholder asked for examples illustrating the application of the propose criteria. The ISO provides the following example.

A generator has the following identified upgrade requirements:

- An interconnection facility (IF) with a 3-year schedule.
- RNU with a 5-year schedule.

After taking into account the IF duration to completion, the RNU is effectively delaying the in-service date of the generator by 2 years.

The proposal has been modified to “two or more years” delay rather than “more than two years.” With this modification this example generator would be eligible to compete with other generators for available capacity in the system prior to completion of the RNU.

Limited operation study

One stakeholder asked for clarification regarding generation projects selected as not needing to wait for a long lead-time short circuit mitigation project and suggested a limited operation study would not be required for that generation project to become operational prior to the upgrade going into service. On the other hand, one stakeholder proposed that a limited operations study should still be required. The ISO confirms that a limited operation study would not be required as long as there is 3% of margin (e.g., short circuit current less than 97% of the breaker capability or bus load flow less than 97 of its rating).³ However, if there is not adequate margin, then a limited operation study (LOS) would be required for the generator to synchronize ahead of its RNUs and in-service date. Generators that can be accommodated before exceeding 100% of the limiting facility rating, but still requiring an LOS, would be identified and would have a priority over other generators in the same cluster with a lower ranking or that did not participate in the Intra-Cluster prioritization process. Margin is necessary to accommodate impacts from CPUC Rule 21 projects, FERC Wholesale Distribution Access Tariff (WDAT) projects that are studied outside of the cluster study process, and base case changes that could result in increasing the short circuit duty and exceeding the short circuit interrupting capability of the circuit breakers. The ISO also notes that interconnection customers always may elect to request a limited operation study within

³ A PTO can hold back less than 3% of margin, but would not be allowed to hold back more than 3%.

the timeframe for doing so. Stakeholders should refer to the track 2 final proposal, which discussed limited operation studies in depth.

In addition, if a limited operations study is still needed because there is less than 3% margin, the Large Generator Interconnection Agreement (LGIA) would continue to reflect a COD that allows enough time for the long-lead time upgrade to be completed. On the other hand, if there is at least 3% margin then the COD in the LGIA would be changed to the new earlier in-service date.

Additional requirements for projects selected

Two stakeholders suggested that projects that benefit from this process should not be allowed to suspend or request a COD extension through the modification process. These projects must sign a GIA within a reasonable amount of time, such as four months after completion of the prioritization study. Another stakeholder opposed the suggestion to not allow projects benefiting from this process to suspend or request a COD extension through the modification process, due to the inherent uncertainties associated with the development of a project. It was suggested instead that the ISO impose a condition for any project delaying its COD beyond what is enabled by its secured headroom, to release that headroom, with the ability to participate in the next intra-cluster prioritization cycle, which would take into account its updated COD. The ISO believes that because customers that receive a prioritization will be the projects with the highest ranking after considering the TPD allocation scoring metrics, these customers will move forward in a timely manner.

Logistics of the reliability analysis

One stakeholder asked for clarification on whether the evaluation would be performed using short circuit results from the reassessment study and other available information, and how impacts from Rule 21 projects, WDAT projects, and base case changes would be considered. The ISO responds that the PTOs could use existing study results as much as possible to simplify any additional analysis that is needed, and short circuit duty margin could be set aside to ensure that changes from Rule 21 projects, WDAT projects and other base case changes would not cause reliability issues. The ISO and PTOs could coordinate their study processes to allow consistency.

One stakeholder commented that a PTO-specific study plan will need to be developed, and another stakeholder commented that a detailed procedure similar to the deliverability allocation procedure be developed. The ISO responds that like other ISO generation interconnection studies, a common study plan will need to be developed, but there can be some minor differences, as needed, for specific PTO study areas. A

sufficiently detailed allocation procedure, as outlined in this paper, will be established in the tariff and BPM development process.

One stakeholder also commented that according to the RIS timeline posted by CAISO in September 2024, QC15 reports are due on October 29, 2025, and the Reassessment study will commence on October 30, with reports due on April 30, 2026. The addition of another study which would be performed concurrently with the already stringent 150-day timeline for QC15 and reassessment is suboptimal. They respectfully requested that CAISO take this into consideration when establishing the timeline for the new study. The ISO responds that October 30 to April 30 is six months. The Reassessment is a 150 day study, which is five months, so there is a one month delta that allows the Reassessment study to actually start on November 30. It is expected that the first intra-cluster prioritization study will begin on October 1, which would be two months before the reassessment study would begin. However, there may still be some overlapping of the studies.

Power Purchase Agreement Status

One stakeholder agreed with the proposal to treat EO and FCDS projects with the same priority, everything else being equal. However, when scoring for PPA status, EO projects should receive 10 points (rather than 7 points) if they have an EO PPA because these projects are matching their PPA requirement. The ISO believes that giving EO projects 10 points for having a PPA and FCDS projects 7 points for having a PPA would not be treating EO and FCDS projects with the same priority.

Deliverability Upgrade Status

One stakeholder was concerned that Energy Only projects receive 10 points, while FCDS projects awaiting delivery upgrades receive only 3 points. They stated that if an FCDS project chooses to operate as Energy Only while awaiting transmission upgrades, it should not be penalized in the scoring compared to a project that was initially designed as Energy Only. The ISO points out that FCDS projects that are not awaiting delivery upgrades also receive 10 points. Therefore both EO and FCDS projects not awaiting delivery upgrades are treated the same. Furthermore, an EO project with a PPA is better positioned to move forward than an FCDS project with a PPA that is still waiting for a deliverability driven transmission upgrade.

Remedial Action Schemes (RAS)

One stakeholder proposed that all projects waiting for RAS upgrades should be allowed to start operations using congestion management until the RAS is implemented. The

ISO disagrees and believes that waiving RAS requirements is beyond the scope of this initiative. RAS upgrades are RNUs under the ISO tariff.

Inter-Cluster Priority

Several stakeholders argued that inter-cluster priority should be ignored. For example, a more-ready cluster 14 project should be allowed to come online before a less ready earlier cluster project. The ISO responds that if cluster 14 triggered an RNU then a cluster 13 or earlier cluster project does not have to wait for that RNU. In other words, allowing a cluster 14 project to utilize the last remaining transmission capacity that is planned to be used by a cluster 13 project would result in adding a new RNU requirement for the cluster 13 project, and that is not allowed. Changing that is beyond the scope of this initiative.

Other clarifications on the process

Stakeholders requested clarifications on several other items. The ISO clarifies that the generation projects in the cluster that is currently triggering the need for the RNU will need to go through the prioritization process. Generation projects in earlier clusters already have a higher priority than later clusters.

Interconnection customers already have the necessary information in their study reports to know which upgrades would go through the process. The ISO and PTOs will require about two months after the proposal is approved by the ISO Board in March to develop a study plan and identify the upgrades that would be considered. The list of upgrades would be targeted to be posted by July 15, 2025.

The forms providing information necessary for the scoring process will be due at the same time as the TPD allocation request forms (currently targeted for August 15, 2025), and once the study has been completed, customers would be informed and a study report will be posted.

Similar to the TPD allocation process, the intra-cluster prioritization studies will be funded by an additional study deposit of \$50,000 provided by each interconnection customer participating in the study.

Long lead-time precursor network upgrades (PNU) also can be considered in the process.

Proposal

The ISO proposes a reliability allocation process to allow some of the generators in the cluster that is responsible for triggering reliability network upgrades to interconnect up to

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an amount that would not trigger the need for long lead-time short-circuit upgrades or other long lead-time reliability network upgrades. The ISO will score eligible projects similar to the TPD allocation process, which would occur in parallel with that process.

For the purposes of this Intra-Cluster Prioritization process, eligible long lead-time RNUs, including ~~Conditionally Assigned Network Upgrades (CANUs)~~ and Precursor Network Upgrades (PNUs) **approved in the transmission planning process**, would have to have an estimated time to construct of four or more years and serve as the sole reason⁴ for delaying the in-service date of multiple generation projects by two or more years. Generation projects in the cluster that trigger the need for that long lead-time RNU would be eligible to compete for available transmission capacity on the constraint to be mitigated by that long lead-time RNU. The long lead-time RNUs to be considered would be identified by the ISO and PTOs and posted on the ISO website.

Eligible interconnection customers participating in the process would be required to submit forms with similar information to those submitted for the TPD allocation process. The table below shows the same scoring information that are proposed for the TPD allocation process. However, the ISO proposes an additional column, in red, to include scoring data based on TPD allocation status and associated deliverability network upgrade status. A project will be given one score per column. For example, if the project has a Draft Environmental Report with no significant impact that cannot be mitigated, it will get 5 points for that column even though the project has also Applied and is Data Adequate. For the intra-cluster priority, the highest sum of the scores from each of four columns would establish the priority.

⁴ For example if a generation project has to wait three years for a transmission upgrade needed for an RNU or Interconnection Facility and has to wait four years for a different long lead time RNU, then the long-lead time upgrade is only creating a 1 year delay for that generation project.

Table 1. Revised TPD allocation scoring for intra-cluster priority

| Points | Permitting (select one per category) | Power Purchase Agreement Status (select one per category) | GIA Status (select one per category) | Deliverability Upgrade Status (select one per category) |
|--------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | Has Final government permit to construct, or Has authorization to construct with a qualifying exemption ⁵ | Off-taker is procuring the capacity to meet its own RA obligation, or the Interconnection Customer is a Load Serving Entity serving its own Load | The Interconnection Customer has provided payment and security to the Participating TO | Full Capacity Deliverability Status Allocated project not waiting for any transmission upgrades needed for deliverability or Energy Only (EO) project |
| 7 | | Has an executed PPA | The Participating TO has received written authorization to proceed with construction from the Interconnection Customer | |
| 5 | Draft Environmental Report w/no significant impact that cannot be mitigated | | | |
| 3 | Data adequate | | Has an executed GIA | Full Capacity Deliverability Status Allocated project waiting for a transmission upgrade needed for deliverability |
| 1 | Applied | | | |

Tied projects for the same General Reliability Network upgrade (GRNU) headroom would be settled based on SCD contribution, or flow impact, with the least contribution winning the tie. For Interconnection Reliability Network Upgrades (IRNUs), tied projects would be settled based on MW size, with the largest winning the tie. Interconnection customers applying to participate in the prioritization process would provide a study deposit of \$50,000 for the necessary studies. The ISO would rank those projects as described above, and provide those rankings to the PTOs so they could perform an

⁵ Example: In accordance with CPUC General Order NO. 131-D;
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M521/K748/521748942.pdf>.

assessment to allow the highest ranking projects to come online prior to completion of the upgrade. The ISO notes that, similar to all interconnection studies, these results are based on the ISO and PTOs’ reasonable efforts examining current and future topology. The ISO and PTOs will notify interconnection customers of any result change that may impact their expected in-service date. The PTOs will use existing study results as much as possible to simplify any additional analysis needed, and short circuit duty and loading margin will be set aside to ensure that changes from Rule 21 projects, WDAT projects and other base case changes would not cause reliability issues. The ISO and PTOs will coordinate their study processes to allow consistency. A limited operation study (LOS) would not be required as long as there is 3% of margin (e.g., short circuit current less than 97% of the breaker capability or bus load flow less than 97 of its rating).⁶ However, if there is not adequate margin, then a LOS would be required for the generator to synchronize ahead of its RNUs and in-service date. Generators that can be accommodated before exceeding 100% of the limiting facility rating, but still requiring an LOS would be identified and would have a priority over other generators in the same cluster with a lower ranking or did not participate in the Intra-Cluster prioritization process. Remaining projects would have to wait for the assigned RNU or PNU to be completed and placed in service. Cost responsibility for the upgrades would not be affected by this process.

The intra-cluster prioritization process will be an ongoing process that occurs in parallel with the TPD Allocation process. A preliminary schedule for the 2025 intra-cluster prioritization process is shown in Table 2, below.

Table 2. 2025 Intra-Cluster Prioritization Process Schedule⁷

| Description | Target Date |
|-------------------------------------------------------------------------------|--------------------|
| Post list of upgrades eligible for the process | July 15, 2025. |
| Participating Interconnection customers submit information needed for scoring | August 15, 2025 |
| Provide ranking of participating projects to the PTOs | October 1, 2025 |
| Inform customers of the results on the study | December 2025 |
| Provide report documenting the study results | January 2026 |

⁶ A PTO can hold back less than 3% of margin, but would not be allowed to hold back more than 3%.

⁷ These dates only refer to the intra-cluster prioritization process schedule. As is the case for the TPD allocation process, the ISO will update these dates with a market notice.

3. Modifications to Transmission Plan Deliverability Allocations

Background

Because most off-takers require a project to be eligible to meet their resource adequacy (RA) obligations, the TPD allocation process is very important to project developers. The CPUC resource portfolios and Local Regulatory Authority (LRA) resource plans designate the specific resource types and capacity to be developed, which the TPP uses to determine the transmission projects necessary to support those specific new resource requirements. This can result in the LRA designating an area for significant resource development that would not typically be the focus of large transmission expansion due to the relatively lower load levels and low load growth of the area. When such an area becomes the focus of significant generation development due to an emerging generation technology or an opportunity for resource diversity, a large transmission project may be needed to support the emerging need. In these circumstances, the basis for the transmission project is to serve the specific public policy requirement that requires the technologies in the portfolio. In other words, the transmission project would not be needed but for the LRA need identifying the technology at the specific location.

In the current environment of accelerated targets for resources in the near-term horizon, there are challenges related to when it is most advantageous for projects to enter the interconnection queue. Projects aligned with the most recent Integrated Resource Plan (IRP) and transmission planning process (TPP) will likely need to stay in the queue for a number of years, waiting for completion of required upgrades. The absence of LRA procurement authorization for projects with potential commercial operation dates aligning with long lead-time upgrades adds further uncertainty for project developers. Projects become eligible to seek an allocation after the cluster studies are completed and then have a limited period when they are eligible to seek an allocation before being converted to Energy Only status. The TPD allocation process gives highest priority to projects that have executed a power purchase agreement (PPA) or are shortlisted for procurement. For projects with longer lead-time network upgrades, the window of opportunity to seek an allocation can be several years before their network upgrades are completed and possibly before load-serving entities (LSEs) seek to procure projects with later commercial operation dates (CODs).

The following provides a reference to the existing TPD allocation groups, the eligibility requirements for each and the order in which the groups are considered for potential allocation of available and planned TPD capacity.⁸

The ISO currently allocates TPD to the following four groups, A – D:

- (A) To Interconnection Customers that have executed PPAs, and to Interconnection Customers in the current Queue Cluster that are Load Serving Entities serving their own Load.
- (B) To Interconnection Customers that are actively negotiating a power purchase agreement or on an active short list to receive a power purchase agreement.
- (C) To Interconnection Customers that have achieved Commercial Operation for the capacity seeking TPD.
- (D) To Interconnection Customers electing to be subject to GIDAP Section 8.9.2.3.

Table 3. Current TPD Allocation Groups

| Allocation Group | Project/Capacity Status | Commercial Status | Allocation Rank |
|------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------|
| A | Any project (active IR or achieved commercial operation) | Executed power purchase agreement requiring FCDS ⁹ or interconnection customer is an LSE serving its own load | Allocated 1st |
| B | Any project (active IR or achieved commercial operation) | Shortlisted for power purchase agreement or actively negotiating a power purchase agreement | Allocated 2nd |
| C | Any project that achieved commercial operation | Commercial operation achieved | Allocated 3rd |
| D | Any active project that meets the allocation group D criteria | See criteria above | Allocated 4th |

The TPP identifies transmission projects to meet the policy goals of LRAs for specific resource technologies in specific locations. The ISO must ensure such transmission capacity is reserved for the specific technologies a transmission project is designed to serve. Doing otherwise would frustrate or countermand the public policy requirement the project was approved for. It may take many years for the transmission project to be

⁸ [Generator Interconnection and Deliverability Allocation Procedures](#) BPM Section 6.2.9.4 Second Component of the Allocation Process: Allocating TP Deliverability

⁹ Full Capacity Delivery Status (FCDS).

permitted, constructed, and go into service, requiring the associated transmission capacity to not be used until the emerging technology can use it. For example, awarding the transmission capacity for Northern California offshore wind as generic TPD for generic RA needs would serve a different public policy goal than the goal the transmission was actually approved for.

Summary of the ISO's proposal from the track 3 draft final proposal.

Allocation Groups

The ISO proposed to reduce the allocation groups to three:

1. **PPA group:** First priority will be given to projects with a PPA that meets the existing PPA eligibility requirements (provided in the ISO Tariff Appendix KK, Section 8.9.2). This allocation group will only apply to clusters 15 and beyond. The ISO will require that the LSE or non-LSE off-taker verify that the PPA provided by the interconnection customer is active and meets the tariff requirements for a PPA, including annually, as part of the TPD retention process, confirming that the PPA is still active and continues to meet tariff requirements.
2. **Commercial Operation group:** Second priority will be given to eligible Energy Only projects that go into commercial operation. This allocation group is only available to projects in clusters 14 and prior that are Energy Only. Cluster 15 and later projects that entered the queue as Energy Only are not eligible to seek an allocation under the Commercial Operation priority group, nor any other group.
3. **Conditional group:** This is a distinct new group for any projects without a PPA, similar to the current group D, but without group D restrictions. Any projects without a PPA would by default be included in the conditional allocation process with a scoring process to determine which projects receive available TPD. This allocation group will only apply to clusters 15 and beyond.

After the 2025 allocation cycle the ISO proposed to no longer provide allocations to projects that are shortlisted.

Multi-fuel projects receiving an allocation with PPAs

Under the ISO's proposal, when seeking an allocation under the PPA group for a multi-fuel project, the interconnection customer will request a specific MW capacity for each fuel type for which it seeks an allocation. In addition, the request must provide the desired ranking order for each fuel type to be considered.

Parking

The ISO proposed to discontinue the parking process. Cluster 14 projects will be the last cluster to be eligible for parking, in accordance with the current TPD allocation procedures for parking.

Opportunities to seek TPD

Instead of parking, the ISO proposed that projects will have three consecutive opportunities¹⁰ to seek an allocation of TPD. With parking eliminated, projects will no longer need to qualify for parking to seek an allocation in these three opportunities. Projects that have exhausted their three opportunities to receive TPD will be withdrawn.

In addition, the ISO proposed that projects will be eligible to seek an allocation in the allocation cycle that occurs during the project's interconnection facility study in the PPA Group only, by demonstrating they have an eligible, executed PPA. The Conditional group would not be open to projects until after the cluster's interconnection facilities study is complete. If a project with an eligible PPA does not receive an allocation in this opportunity, it will be eligible to seek an allocation along with the projects in its cluster during the three opportunities following receipt of their facilities study report.

Eligibility of Energy Only projects to seek TPD

Cluster 14 and prior clusters

The 2025 allocation cycle will be the last opportunity for cluster 14 and prior Energy Only projects to seek an allocation through either the current PPA or Shortlist allocations groups. Cluster 14 and prior Energy Only projects, or portions of projects that achieve commercial operation will continue to be eligible to seek an allocation through the new Commercial Operation group.

The proposed changes for Cluster 14 and prior projects would begin with the 2027 TPD allocation cycle. This also will apply to any projects receiving a Group D allocation in 2025.

For cluster 14 and prior Energy Only projects that are eligible to seek TPD, the ISO proposes to revise the required study deposit for Energy Only projects seeking an

¹⁰ The opportunities to seek and retain allocations of TPD are typically done on an annual basis, but circumstances may result in the timing of the successive opportunities to be more than one year apart.

allocation to a flat fee of \$5,000. This amount has been sufficient to cover study costs for this requirement in the past.

Cluster 14 and prior projects that added a technology as Energy Only via an MMA that is approved before the 2025 seeking-TPD request due date will have one final opportunity during the 2025 TPD allocation cycle to seek an allocation for such addition under group A with a PPA, or group B with a Shortlist (and can seek TPD in the new Commercial Operation Group indefinitely).

Finally, Energy Only projects cannot remain in the queue based on a PPA that is contingent on receiving or that requires TPD. This is because there is no guarantee that the required study for Energy Only projects seeking TPD will show the project to be eligible to receive TPD and there are no guarantees that TPD will be available if the project is found to be eligible.

Cluster 15 and future clusters

Beginning with cluster 15, the ISO Tariff Appendix KK prohibits Energy Only projects from seeking deliverability. Section 4 states: “Interconnection Requests that proceed to the Cluster Study based on the criteria for Energy Only Interconnection Requests may not obtain Deliverability for that Generating Facility and any associated Generating Units thereafter, including without limitation through transfers, modifications, or the TP Deliverability allocation process. Expansions to Energy Only Generating Facilities may receive Deliverability if their Interconnection Requests proceed to the Cluster Study based on the criteria for Interconnection Requests seeking Deliverability.”

Technology additions performed through the modification process for projects in cluster 15 and beyond that entered the queue requesting FCDS or PCDS will be Energy Only and only be permitted to seek a TPD allocation through the Commercial Operation group. This occurs regardless of whether the requested addition is before or after their COD (via an MMA or Post-COD modification). *Documentation*

The ISO proposed to assess requests and substantiating documentation based on the documents as submitted by the TPD-retention or TPD-seeking request due dates. Documents required in the request processes that are not received by the request due date will not be accepted.

Modifications to the TPD scoring criteria:

The proposed modifications to the TPD scoring criteria are summarized below. The current proposal is provided in the proposal section below with proposed changes from the draft final proposal in red.

Scoring for the Commercial Operation group

The prioritization of allocations for the Commercial Operation group is proposed to be in the following order:

1. Projects that demonstrate having a RA contract
2. Lowest Distribution Factors (DFAX)

Stakeholder feedback and discussion

The stakeholder comments summarized below were based on the January 9, 2024, track 3 draft final proposal, summarized above.

Three allocation groups

All stakeholders commenting on the three allocation groups either support or do not oppose the proposal. However, a number of stakeholders requested modifications to the proposal. CalWEA recommended that the highest priority be placed on operational projects, including those that entered the queue with an Energy Only request. The ISO disagrees that Energy Only projects should be given priority over projects that requested FCDS. Projects that go into commercial operation as Energy Only should not be able to jump ahead of projects that have progressed through the study and allocation process for FCDS projects. Energy Only projects are rare, and the ISO does not want to create new incentives for projects to try to come online as Energy Only, only to see them immediately request deliverability. Further discussion on the issue of Energy Only projects is below.

Intersect Power and LSA disagree with the removal of shortlist allocation group, stating that the period of time between the receipt of interconnection facility study results and the cluster's first TPD allocation cycle's affidavit deadline is very limited and in many cases is not long enough to negotiate and fully execute a PPA. First, the ISO reiterates that the current shortlist allocation group (B) will remain an option for cluster 14 and prior clusters for the 2025 allocation cycle for all eligible projects. Regarding the schedule, the ISO provided an outline of the timing of a typical procurement process that a number of LSEs indicated that they would use that begins prior to the allocation process and results in PPAs with selected projects following a given cluster's first allocation cycle. This process gives the LSE assurance that the projects they negotiate with for a PPA have a conditional allocation. Even if the project has not obtained a conditional allocation, the process gives the LSE enough time to assess the projects and determine it is willing to enter into a PPA with project without a conditional allocation. Similarly, ACP requested that CAISO commit to monitoring the time required to execute

a PPA after a conditional deliverability allocation is received during the implementation of the IPE revisions. As always, the ISO will monitor the various aspects of the modified TPD allocation procedures and is willing to stakeholder modifications if after an ample period of implementation changes are found to be necessary.

CalCCA supports the proposed requirement for offtakers to confirm active PPAs annually for projects within the PPA group to retain their deliverability allocations.

Three consecutive annual opportunities to seek an allocation

All stakeholders commenting either support or do not oppose the proposed opportunity for projects to seek an allocation in the PPA group during the allocation cycle that occurs while the project's interconnection facility study is ongoing.

All stakeholders commenting either support or do not oppose the proposal to allow no more than three opportunities for projects to receive a deliverability allocation. However, some stakeholders had ongoing concerns.

PG&E's concern is that forcing projects to withdraw after failing to obtain an allocation of TPD after three opportunities may engender system inefficiencies that ultimately represent a cost to the customers. The ISO disagrees. This ISO has stated its numerous concerns with allowing projects to convert to Energy Only (some reiterated in the proposal below) and believes that the historically demonstrated limited ability of projects that have been converted to Energy Only to ultimately become successful and go into operation is far outweighed by the problems and inefficiencies such projects pose to the an efficiently operating interconnection queue. The ISO also disagrees with PG&E's concern that, given recently-updated load forecasts within the CEC's 2023 Integrated Energy Policy Report (IEPR), forcing projects to withdraw to defer to later queue projects will delay ability to meet load. The ISO believes that the queue has historically and will continue to have sufficient numbers of projects competing for PPAs. Cluster 15 will still be a very large cluster, even with the IPE Track 2 changes. Allowing projects to convert to Energy Only and clog the queue has proven to hinder the efficient processing of projects, as well as the ability of projects to obtain PPAs due to being saddled with long lead-time and costly RNUs that otherwise would likely not be triggered if those projects are withdrawn from the queue.

Intersect comments that given cluster 15's modified interconnection process schedule as compared to future clusters and the ISO's decision to cancel the 2026 TPD allocation cycle, cluster 15 projects will not have an opportunity to seek TPD allocation ahead of their GIA execution. The ISO points out that under the FERC Order No. 2023, the required GIA execution date is always before the results from the first of three TPD allocation cycles are available. A TPD cycle in 2026 would only serve cluster 14 and

earlier projects because the cluster 15 facility study reports are not due until November 2026. With the delayed TPD cycle in 2025 there simply is not enough time to provide sufficient time for projects receiving an allocation in the 2025 cycle to retain it in a 2026 cycle or for any projects receiving an allocation in the 2026 cycle to retain it in 2027. This does however point out that it would not be possible or make sense to have a TPD opportunity for cluster 15 projects to seek an allocation during their facility study that occurs from May into November, 2026. Thus, cluster 15 projects will have to wait until the March 2027 cycle to seek TPD.

CESA and ENGIE do not oppose a three-year TPD allocation window but remain concerned that while directionally positive this could result in the window expiring before developers and load serving entities are able to enter into PPAs if the earliest commercial operating dates for the projects are beyond the CPUC's procurement requirements due to long lead-time RNU's. The ISO acknowledges that the ISO and stakeholders have not been able to come to a mutually agreeable solution within IPE. The ISO will continue to seek to find solutions that provide some form of relief, but believes any solution will not be part of the ISO Resource Interconnection Standards.

MN8 continues to have the concern that projects entering a cluster can have the amount of available TPD at the time they enter the cluster taken by earlier clusters in the allocation cycles before they become eligible for an allocation. The impact of this was illustrated in the draft final proposal. While the ISO agrees that this may play out in some cases, it is not inherently problematic if the amount of TPD and interconnection is fundamentally aligned with resource and transmission planning. Further, this condition always has existed in the TPD allocation process. Reserving TPD for a given cluster could harm the earlier cluster projects that are more advanced in their development by not allowing them to utilize the existing TPD on the system. Some of the earlier queued projects may have entered the queue in anticipation of additional TPD becoming available for them through the TPP. The ISO continues to believe that it is best to allow the most ready projects to move forward as quickly as possible, regardless of their queue cluster, rather than being hindered by some form of capacity reservation.

Clearway suggests providing an opportunity to convert to Energy Only after a project exhausts its three opportunities to obtain TPD, providing an additional two years as Energy Only to test the market's appetite for Energy Only PPAs. The ISO maintains the Energy Only path is the appropriate opportunity to market Energy Only projects.

Opportunities for Energy Only projects

AES, CalWEA, EDF, LSA, SB Energy, and TerraGen ask that Energy Only projects in cluster 15 and beyond to be eligible for TPD through the commercial operation

allocation group. The ISO continues to conclude that projects that enter the queue on a given deliverability path must remain on that path through the life of their project. FERC has approved the ISO intake scoring process that seeks to ensure that the most ready and viable projects proceed into the study process. Under the FERC Order No. 2023 procedures, projects are having to take steps to be studied and proceed through the queue that demonstrate a high level of commitment than was previously required. As such, projects seeking FCDS that proceed to the TPD allocation process should not have the available TPD they are competing for reduced by Energy Only projects from prior clusters, even when those Energy Only projects have reached commercial operation. As discussed above, MN8 is concerned that prior clustered FCDS projects will reduce the capacity available to FCDS projects in clusters that follow, increasing the risk for those later clusters. Allowing Energy Only projects to further reduce that capacity would not be appropriate. Furthermore, in FERC's September 30, 2024 order approving the IPE track 2 tariff revisions, FERC stated:¹¹

Finally, we decline to direct CAISO to clarify that an interconnection request that completes the interconnection study process and executes a GIA may change its status in a future cluster, without having to withdraw their initial interconnection position. As CAISO explains, interconnection requests that proceed to the cluster study based on energy-only criteria may not obtain deliverability through transfers, modifications, or the TP deliverability allocation process because “[i]nterconnection customers could proceed under the less competitive energy-only criteria to avoid competition, then receive deliverability later or after studies.”¹² We note that CAISO's Tariff does, however, permit expansions of generating facilities with energy-only deliverability status to receive deliverability if their interconnection requests proceed to the cluster study based on the criteria for interconnection requests seeking deliverability.¹³

As the CAISO has maintained, allowing projects to switch deliverability status would circumvent the competitive screening processes.

CalCCA supports the CAISO's intent to prevent developers from utilizing the Energy Only pathway to circumvent a competitive process for TPD allocation and proposes that projects that have achieved commercial operation as Energy Only be allowed to submit new interconnection requests, being scored along with all projects seeking to be studied as FCDS, and seek TPD following their studies. The ISO has considered the issue and

¹¹ FERC Order Re: Docket No. ER24-2671-000, Issued September 30, 2024, at 214.

¹² Transmittal at 29.

¹³ CAISO, CAISO Tariff, app. KK, Section 4 (Cluster Study Criteria) (1.0.0).

there are a number of policy issues that would need to be discussed with stakeholders. With this being the final proposal there is not sufficient opportunity to have an adequate stakeholder discussion on the related policy issues. This issue will have to be deferred to a future IPE initiative.

AES, LSA, and Terra-Gen oppose limiting pre-C15 Energy Only projects and storage capacity added through the MMA process to only being eligible to request TPD once they have achieved commercial operation. Since roughly 2018, the ISO has offered the opportunity to add storage through MMAs and then seek a TPD allocation for such additions. The ISO put this process in place to facilitate adding energy storage to the system quickly to meet changing system needs. Now that BESS technology is maturing and there is sufficient BESS capacity in the queue, the ISO believes this opportunity is no longer needed and is now creating an unfair situation and competition for those projects proceeding through the interconnection process. Therefore, continuing with the technology addition shortcut for BESS is not fair to those already in the queue. A facility can always expand by submitting an expansion project into the queue. Additionally, those pre-cluster 15 Energy Only projects have had their time-in-queue and opportunity to seek TPD and to-date, have not demonstrated viability. Continuing to allow Energy Only projects to add capacity and then compete for TPD creates an unfair advantage and shortcuts the IPE Track 2 established processes.

EDF-R seeks clarification on projects eligible to seek TPD in the Commercial Operation group. Cluster 14 and earlier projects are clarified in Table 4 below. For Cluster 15 and later there were two scenarios in question: 1) a Cluster 16 project that adds gross capacity (same fuel type) via MMA, and 2) a Cluster 16 project that adds gross capacity (new fuel type) via MMA. The ISO notes that projects cannot seek more TPD than the interconnection service capacity and is limited to the ELCC factor of the original interconnection request. As noted in the proposal section below, Cluster 15 and later projects may add technology to an existing queue position or generating facility as Energy Only, and projects that are FCDS or PCDS may seek TPD for that addition in the Commercial Operation group after the project achieves commercial operation.

Parking

CESA, Intersect, REV, and Six Cities support eliminating parking for cluster 15 and beyond. No other stakeholders commented on this issue.

Multi-fuel process for requesting TPD

CESA, EDF, Intersect, LSA, REV, Six Cities, and Terra-Gen support the proposed methodology for multi-fuel projects requesting TPD. Some commenters recommended adding some flexibility for parties to transfer the received TPD from one fuel type to

another and some requested clarifications on the process. Because stakeholders continue to ask for clarifications on numerous scenarios, the ISO has determined this topic is not worth pursuing further at this time and has removed it. The ISO clarifies that multi-fuel projects requesting or retaining an allocation with a PPA, the interconnection customer's TPD request must align with the requirements of the PPA. This clarification is provided in the proposal below.

TPD Allocation Scoring Criteria

CESA, EDF, Intersect, LSA, REV, Six Cities, SCE, support or do not oppose.

ACP asks the ISO to augment the final proposal to provide additional, specific requirements for LSEs to meet the qualifications of "having an executed PPA" and for using the project to meet their own RA need. The ISO has used this procedure for LSEs in the TPD allocation process for a number of years and has not seen the process abused in any way. The TPD affidavits require the signatory to attest to the accuracy of the information submitted, a process that the ISO has relied on for all of the statements in the TPD affidavits since the TPD allocation process began. The ISO will commit to monitoring this issue to see if further requirements may be necessary in the future.

AES asked the ISO to consider modifications to the GIA status component in a future IPE track. While the GIA milestones were adopted through FERC Order 2023, CAISO's unique process of allocating TPD requires an additional review of the issue. At this time, projects are required to sign a GIA and submit deposits without certainty of whether TPD is allocated. AES recommends the CAISO consider adjusting the GIA requirements in light of CAISO's unique TPD processes. The ISO understands the developer's perspective on this issue; however, the ISO believes that GIAs should be executed consistent with Order No. 2023 timelines. This will avoid financing and construction delays. Projects that are not willing to execute a GIA without first receiving a TPD allocation should withdraw.

IEPA raised the concern of uncertainty that the seller's project will actually receive the TPD needed for the RA capacity product; however, commercially reasonable PPAs for these transactions will necessarily include off-ramps or similar provisions so that the seller is not contractually obligated to provide a product that for reasons beyond its control it will not be able to provide as scheduled. Without these off-ramps or similar provisions, the risk that seller will be locked in to a situation that could result in a default would make these agreements commercially untenable. In these circumstances, IEPA is concerned about the statement in the Draft Final Proposal that "[t]he ISO will do all it can to ensure that sham or conditional PPAs are not used to try to obtain an allocation inappropriately." In response, the ISO has not found particular termination or liquid

damages clauses as sham PPAs. Sham PPAs generally take the form of an agreement with a “counterparty” created by the interconnection customer itself or its holding company to merely appear as if it has a PPA. In other words, there is no buyer, but the interconnection customer is attempting to appear as if it has one to obtain TPD and then market its capacity to actual off-takers. The CAISO is not otherwise inclined to police or alter the terms of PPAs between two sophisticated, genuine parties.

Intersect sought clarification on how the GIA Status criteria will be assessed for projects with an executed Engineering and Procurement agreement. The ISO believes the proposed GIA scoring categories are sufficient and will not include an Engineering and Procurement agreement in the scoring process. The ISO supports projects seeking an Engineering and Procurement agreement when appropriate, but including it in the scoring process would only encourage projects to seek unnecessary agreements to gain extra points. Intersect proposed omitting the reference to “no significant impact that cannot be mitigated” in the permitting category. The ISO agrees with this and has revised the five-point permitting description to “Draft environmental report indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the approval” to more closely align with the current Appendix DD BPM. The full description in the BPM will not be changed. The ISO views this to be a clarification, rather than a significant policy change.

Six Cities requested that the CAISO explicitly include such LSE projects in the applicable language defining the first priority allocation group, as reflected in the current definition of priority group A. The ISO agrees to be explicit in the tariff language for including LSE projects. Similarly, SCE wants to refine the language from “Off-taker is procuring the capacity to meet its own RA obligation or the Interconnection Customer is a Load Serving Entity serving its own load” to “Capacity is to be utilized by a Load Serving Entity to meet its own RA obligation.” The ISO will continue use the current FERC approved tariff language of Appendix KK 8.9.2(A) “To Interconnection Customers that have executed power purchase agreements, and to Interconnection Customers in the current Queue Cluster that are Load Serving Entities serving their own Load.” The abbreviated language in Table 6 of the proposal will be used in the BPM. Stakeholders will have the opportunity to suggest edits to the tariff changes the ISO submits to FERC.

Scoring for the Commercial Operation group

Minimal comments were received on this item and all stakeholders either support or do not oppose the draft final proposal scoring for the commercial operation group.

Other Comments

CalWEA recommend that CAISO change the rule to allow a project to transfer TPD to an earlier queue position. The ISO notes that projects entering the queue should proceed with the expectation to construct that project for its intended purposes. Projects entering later queues then transferring to earlier queues creates unfair competition situation for the respective clusters and complications around delivery network upgrades. Projects cannot enter a later queue to try and benefit earlier queued positions.

Proposal

Allocation Groups

The ISO proposes to reduce the allocation groups to three, described below. These allocation groups will be used for clusters 15 and beyond. Projects in clusters 14 and prior will continue to be governed by the current TPD allocation procedures, with the exceptions described further below.

1. **PPA group:** First priority will be given to projects with a PPA that meets the existing PPA eligibility requirements (provided in the ISO Tariff Appendix KK, Section 8.9.2).

The ISO will require that the LSE or non-LSE off-taker verify that the PPA provided by the interconnection customer is active and meets the tariff requirements for a PPA. Then, approximately annually, as part of the TPD retention process, the LSE or non-LSE off-taker must confirm that the PPA is still active and continues to meet tariff requirements. If the PPA is no longer active or does not meet the requirements, the project will lose its allocation, and will be able to re-seek an allocation if its cluster is eligible to do so. However, if the cluster has completed its three opportunities to seek an allocation, the project will be required to withdraw.

2. **Commercial Operation group:** Second priority will be given to eligible Energy Only projects in commercial operation.¹⁴ This allocation group is only available to projects in clusters 14 and prior that are Energy Only. Cluster 15 and later projects that entered the queue as Energy Only are not eligible to

¹⁴ If a project is in commercial operation, any planned capacity still in queue—such as a post-COD expansion through an MMA—would not be eligible for TPD in this group because that capacity is not yet in operation. Likewise, proposed repowering capacity would be ineligible.

seek an allocation under the Commercial Operation group, nor any other group.

3. **Conditional group:** This is a distinct new group for any projects without a PPA, similar to the current group D, but without group D restrictions. Any projects without a PPA would by default be included in the conditional allocation process with a scoring process to determine which projects receive available TPD. Conditional allocations must be retained in the following TPD allocation cycle with an executed PPA. If not retained, projects can again seek an allocation if the project's cluster is eligible to do so through the any group (including the conditional group), using updated project scores. The TPD capacity allocated through the Conditional group will be included in the calculation for determining the amount of available TPD for the next cluster study, thereby reducing the amount of project capacity to be studied.

The ISO proposes that the procurement processes of LSEs should begin soon after the interconnection facility reports are provided to the interconnection customers. The facility study report meetings are scheduled for the August before a cluster's first opportunity to seek a Conditional allocation by providing its project scores for the TPD allocation process in mid-March of the following year. The following is the schedule of key dates the ISO proposes for a robust procurement process. Year X is the year the facilities study is completed for a given cluster.

1. September 1 of year X – Procurement process begins in the September after the facilities study is completed and study report meetings are done, allowing all current cluster projects to participate before TPD allocations are known.
2. March 15 of year X+1 – TPD scoring for the Conditional group and documentation and scoring for the other TPD allocation groups are due.
3. August 1 of year X+1 – TPD allocation results are provided to the interconnection customers, providing off-takers the added information on which projects receive TPD Conditional allocations. At this point off-takers have had eleven months to complete their evaluation of projects participating in their procurement programs and negotiate PPAs.
4. March 15 of year X+2 – Retention due date for the Conditional allocations where executed PPAs are required to retain Conditional allocations. The total time from (1) through (4) is more than seventeen months – enough time for off-takers to evaluate the competing projects and for off-takers and shortlisted projects to negotiate and execute a PPA for the March 15 due date to retain a Conditional allocation.

Cluster 14 and earlier projects will continue to be governed by ISO Tariff Appendix DD, with the only change being that the shortlist allocation group (group B) and the shortlist retention opportunity for group D will be removed after the 2025 cycle and not be available in the 2027 cycle. In other words, groups A, B, C, or D will be available only in 2025 for Clusters 14 and earlier,¹⁵ and any projects that receive group B or group D allocations in 2025 must retain it with a PPA in 2027 or the project will be converted to Energy Only.

The ISO Tariff Appendix DD, Section 8.9.4.1, Extended Parking for Option (A) Generating Facilities, provides the requirements that cluster 14 projects will have to meet in order to be eligible to park a second year. No cluster 13 projects were eligible for extended parking and it is likely that will be the case for cluster 14 as well. In the event a Cluster 14 project is eligible for extended parking, that project will remain eligible to seek TPD in groups A or D when they come out of parking in 2027. Any group D allocations will require a PPA in the following TPD cycle to retain the allocation.

TPD allocation group D will continue only as a legacy allocation group for Cluster 14 and earlier projects. Any project that sought a TPD allocation in group D will remain subject to the group D restrictions in Appendix DD, Section 8.9.2.3. The eligibility for seeking TPD in the various allocation groups by cluster is described in Table 4, below.

¹⁵ Cluster 15 would not be eligible to seek allocations of TPD until March 2027.

Table 4. Cluster eligibility for TPD allocation groups

| Cluster Eligibility for TPD Allocation Groups | | | | | | | | |
|-------------------------------------------------------------|-------------|---------------------------------------|-----------------------|----------------|----------------|----------------|----------------|------|
| Cluster/Year | 2025 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| C13 & Earlier | A, B & C | CO | CO | CO | CO | CO | CO | CO |
| C14 (for projects Not eligible for extended parking) | A, B, C & D | PPA ¹ & CO | CO | CO | CO | CO | CO | CO |
| C14 (for projects eligible for extended parking, if any) | A, B, C & D | PPA, ² CO & D ³ | PPA ⁴ & CO | CO | CO | CO | CO | CO |
| C15 | | PPA, CO & Cond | PPA, CO & Cond | PPA, CO & Cond | | | | |
| C16 | | | PPA | PPA, CO & Cond | PPA, CO & Cond | PPA, CO & Cond | | |
| C17 | | | | PPA | PPA, CO & Cond | PPA, CO & Cond | PPA, CO & Cond | |

¹ For C14 in 2027, the PPA group is only open to projects seeking to retain allocations from groups B & D
² For C14 in 2027, the PPA group is only open to projects seeking to retain allocations from groups B & D and projects that parked in 2025
³ For C14 in 2027, group D is only open to projects that met the qualifications for extended parking in 2025, and parked
⁴ For C14 in 2028, the PPA group is only open to projects seeking to retain allocations from group D, if any

Notes:
Letters A, B, C & D designate current allocation groups
PPA = Power Purchase Agreement allocation group
CO = Commercial Operation allocation group
Cond = Conditional allocation group

The three proposed allocation groups streamline the TPD process for developers, LSEs, and the ISO. The modifications provide a simplified 2-step TPD track for all projects where all eligible projects without a PPA would automatically be processed for an allocation through the Conditional group. It eliminates the two-step retention process, avoids concerns that stakeholders have raised regarding questionable practices in project short-listings, and simplifies a complex project allocation tracking process. Moreover, this approach maximizes the capacity from each cluster that is able to compete for a PPA having a conditional allocation to meet accelerated procurement targets and puts the bilateral procurement process in the driver’s seat for determining the value and viability of projects competing for a PPA. This levels the playing field in procurement where most projects would have a Conditional TPD allocation, allowing the procurement process to focus on other high-value project attributes.

Stakeholder requested clarifications:

- If a project seeks to retain an allocation received from the Conditional group with a PPA for a portion of the allocated TPD, the project would retain the amount of capacity required by the PPA, become Partial Capacity Deliverability Status (PCDS) and would be eligible to continue to seek to increase its allocation from any group it is eligible for until its cluster is no longer eligible to seek an allocation. If the project is PCDS after its three opportunities to seek an allocation, the project will be required to downsize to become FCDS through a Material Modification Assessment (MMA).
- If a project receives an allocation for less than what is requested it may continue to seek allocations in future allocation cycles for which it is eligible.
- An interconnection customer is not obligated to accept an allocation for less than it has requested. If a project receives an allocation of less than requested, it may reject the allocation and the project would remain as FCDS-R status and continue to be eligible to seek a full or partial allocation from any group it is eligible for until its cluster is no longer eligible to seek an allocation.
- For multi-fuel projects requesting or retaining an allocation with a PPA the interconnection customer's TPD request must align with the requirements of the PPA. This bullet replaces the draft final proposal topic on multi-fuel projects receiving an allocation with PPAs.

Parking

Under Order No. 2023, all projects now must make any required increases to their Commercial Readiness Deposits following the completion of their studies. GIA tendering, execution, and associated financial requirements are as defined in the ISO's FERC Order No. 2023 compliance filing, irrespective of TPD cycles and the ability of a project to obtain TPD. The ISO understands that developers have concerns with the new FERC requirements, and the ISO and stakeholders must seek to integrate the TPD allocation process with the FERC Order's requirements in the most logical and workable manner possible. Interconnection customers wary of executing a GIA and submitting additional deposits without first getting a TPD allocation may withdraw before incurring additional financial risk. Ensuring GIAs are executed and GIA deposits are submitted on a timely basis, consistent with FERC's requirements, will help maintain construction schedules and avoid backlogs in the queue. Consistent with these requirements, the ISO is eliminating the concept of "parking" and replacing it with the allocation request cycles described below.

Pre-cluster 15 projects will continue with the TPD allocation procedures in accordance with ISO Tariff Appendix DD. Cluster 14 projects have used their initial opportunity to park following the 2024 TPD results. The criteria for a second year of parking will remain available for cluster 14 following the 2025 allocation results if the projects meet the tariff requirements of Section 8.9.4.1. However, as with cluster 13, it is likely that no cluster 14 projects will be eligible to park a second time, ending the parking process for all pre-cluster 15 projects as well.

Opportunities to seek TPD

Projects in a given cluster that have an eligible executed PPA at the time of the allocation cycle that occurs during their cluster's interconnection facility study will be eligible to seek an allocation through the PPA group. The Conditional group would not be open to projects until after the cluster's interconnection facilities study is complete. It will not be possible to have a TPD opportunity for cluster 15 projects to seek an allocation during their facility study that occurs from May into November, 2026. Thus, all cluster 15 projects, including those that have a PPA during the facility study will have to wait until the March 2027 cycle to seek TPD. If a project with an eligible PPA does not receive an allocation in this opportunity, it will be eligible to seek an allocation along with the projects in its cluster during the three opportunities following receipt of their facilities study report, as described below.

After a cluster's facilities study is complete, its projects will have three consecutive opportunities¹⁶ to seek an allocation of TPD. Parking will no longer be associated with this process, as described above. The first opportunity will be in the TPD allocation request window following the interconnection customer's receipt of its interconnection facilities study report. After the third opportunity to seek an allocation, projects that have not received an allocation will be withdrawn. Projects that do receive an allocation through the Conditional group, but are unable to retain their allocation in the next request window by demonstrating an eligible PPA, will be withdrawn. If a project enters the interconnection queue as PCDS and the project is unable to obtain TPD, the entire project will be withdrawn.

Projects that have exhausted their three opportunities to receive TPD will be withdrawn. Energy Only projects have the potential to need both local and area deliverability capacity that FCDS projects are counting on, and in some cases funding. Under the proposed three allocation group process, many FCDS projects will receive a Conditional

¹⁶ The opportunities to seek and retain allocations of TPD are typically done on an annual basis, but circumstances may result in the timing of the successive opportunities to be more than one year apart.

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TPD allocation positioning them to be of high interest to LSEs seeking to contract with projects with an allocation of TPD. Allowing Energy Only projects to seek TPD in the PPA allocation group could result in the ISO no longer being able to guarantee that some FCDS projects with a Conditional allocation are truly deliverable. Therefore, projects that have exhausted their three opportunities to receive TPD will be withdrawn. This also will prevent stalled projects from reserving reliability related capacity and causing more viable projects to require costly and long lead-time RNUs that will likely never be needed, both common issues today.

The top half of Table 5 provides a graphic representation of each cluster’s annual progression through the Resource Interconnection Standard (RIS) process from intake, through the studies, the allocation opportunities and ending with the final retention opportunity. The bottom half provides the impact that prior clusters have on a given cluster’s intake amount and potential available allocation amounts each cycle. This illustrates the interactions a given cluster will have with other clusters as they complete for TPD during their three allocation opportunities.

Table 5. TPD allocation impacts on cluster intake and future clusters

| Primary Activity During the Calendar Year | | | | | | | | | | | | | |
|---------------------------------------------------------------|--------|---------|--------------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------|--------------------------|----------------|
| Cluster/Year | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
| C15 | Intake | Studies | Studies | Alloc 1 | Alloc 2 | Alloc 3 | Retention Done | | | | | | |
| C16 | | | Intake | Studies | Studies | Alloc 1 | Alloc 2 | Alloc 3 | Retention Done | | | | |
| C17 | | | | Intake | Studies | Studies | Alloc 1 | Alloc 2 | Alloc 3 | Retention Done | | | |
| C18 | | | | | Intake | Studies | Studies | Alloc 1 | Alloc 2 | Alloc 3 | Retention Done | | |
| C19 | | | | | | Intake | Studies | Studies | Alloc 1 | Alloc 2 | Alloc 3 | Retention Done | |
| C20 | | | | | | | Intake | Studies | Studies | Alloc 1 | Alloc 2 | Alloc 3 | Retention Done |
| Impacts on Cluster Intake and Allocations from Prior Clusters | | | | | | | | | | | | | |
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
| C15 | | | | No prior cluster impacts | No prior cluster impacts | No prior cluster impacts | Done | | | | | | |
| C16 | | | C15 yet to impact Intake avail | | | Alloc impacted by C15 alloc | No prior cluster impacts | No prior cluster impacts | Done | | | | |
| C17 | | | | Intake impacted by C15 alloc | | | Alloc impacted by C16 alloc | Alloc impacted by C16 alloc | No prior cluster impacts | Done | | | |
| C18 | | | | | Intake impacted by C15 alloc | | | Alloc impacted by C16/17 alloc | Alloc impacted by C17 alloc | No prior cluster impacts | Done | | |
| C19 | | | | | | Intake impacted by C15/16 alloc | | | Alloc impacted by C17/18 alloc | Alloc impacted by C18 alloc | No prior cluster impacts | Done | |
| C20 | | | | | | | Intake impacted by C16/17 alloc | | | Alloc impacted by C18/19 alloc | Alloc impacted by C19 alloc | No prior cluster impacts | Done |

Eligibility of Energy Only projects to seek TPD

Cluster 14 and prior clusters

No changes are proposed to the existing TPD allocation process in ISO Tariff Appendix DD for the 2025 TPD allocation cycle. However, the 2025 allocation cycle will be the last opportunity for cluster 14 and prior Energy Only projects to seek an allocation through either the current PPA or Shortlist allocations groups. This will give Energy Only projects currently in the queue the ability to proceed through the initial and post parking¹⁷ TPD allocation procedures based on the current tariff. Cluster 14 and prior Energy Only projects, or portions of projects that achieve commercial operation will continue to be eligible to seek an allocation through the Commercial Operation group.

The proposed changes for cluster 14 and prior projects would begin with the 2027 TPD allocation cycle. Those changes are the result of the proposed elimination of allocation group B (the shortlist group) in 2027. No project will be able to seek an allocation based on being shortlisted or actively negotiating a PPA in 2027. This will also apply to any projects receiving a group D allocation in 2025. Such projects will only be able to retain a group D allocation in 2027 by demonstrating a PPA.

For cluster 14 and prior Energy Only projects that are eligible to seek TPD, the ISO proposes to revise the required \$60,000 study deposit for Energy Only projects seeking an allocation to a flat study fee of \$5,000. This amount has been sufficient to cover study costs for this requirement in the past.

Cluster 14 and prior projects that added a technology as Energy Only via an MMA that is approved before the 2025 TPD allocation request due date will have one additional opportunity during the 2025 TPD allocation cycle to seek an allocation for such addition under the PPA group and the current Shortlist allocation group (but can seek TPD in the Commercial Operation Group indefinitely).

Finally, for tariff provisions that require PPAs, the ISO will not accept PPAs for Energy Only projects where the PPA is contingent on receiving TPD, or that has a Resource Adequacy obligation. This is because there is no guarantee that the required study for Energy Only projects seeking TPD will show the project to be eligible to receive TPD and there are no guarantees that TPD will be available if the project is found to be eligible. Therefore, any PPA demonstration for any Energy Only project or portion of Energy Only project for purposes other than seeking TPD, must specify the

¹⁷ This post parking opportunity will not be extended to projects that are eligible for extended parking allowed under ISO Tariff Appendix DD, Section 8.9.4.1.

procurement of the Energy Only resource. This will remain effective for all projects in the queue, including Cluster 15 and beyond. Below are two examples to illustrate the Energy Only PPA requirement:

Group D: Section 8.9.2.3 of Appendix DD to the CAISO Tariff states “For the entire Generating Facility, including Energy Only portions, the Interconnection Customer may not request suspension under its GIA, delay providing its notice to proceed as specified in its GIA, or delay its Commercial Operation Date beyond the date established in its Interconnection Request when it requested TP Deliverability.” Therefore, a Group D project that has been converted to Energy Only and that is either being withdrawn from the queue (before GIA execution) or being placed in breach of contract (after GIA execution) due to having an unachievable COD, or is requesting to extend its COD to align with an executed PPA, may not provide a PPA that requires TPD or a RA obligation to remain in the queue, extend its COD, or cure a breach. The PPA provided must be for the procurement of an Energy Only resource.

TPD Transfer: Section 8.9.9 of Appendix DD to the CAISO Tariff states, “Unless the Interconnection Customer provides the CAISO with an executed Energy Only power purchase agreement for the capacity losing Deliverability at the time it requests the Deliverability transfer, the assignor capacity must be removed from queue by withdrawal or downsizing the Generating Facility.” Therefore, the Energy Only PPA provided to satisfy the right to remain in the queue following a TPD transfer may not have a TPD or RA obligation; the PPA must be for the procurement of an Energy Only resource.

Cluster 15 and future clusters

Beginning with cluster 15, the ISO Tariff Appendix KK prohibits Energy Only projects from seeking deliverability. Section 4 states: “Interconnection Requests that proceed to the Cluster Study based on the criteria for Energy Only Interconnection Requests may not obtain Deliverability for that Generating Facility and any associated Generating Units thereafter, including without limitation through transfers, modifications, or the TP Deliverability allocation process. Expansions to Energy Only Generating Facilities may receive Deliverability if their Interconnection Requests proceed to the Cluster Study based on the criteria for Interconnection Requests seeking Deliverability.”

Projects in cluster 15 and beyond that were studied as FCDS or PCDS and complete a technology addition through the modification process will be Energy Only and only be permitted to seek a TPD allocation through the Commercial Operation group. This

occurs regardless of whether the requested addition is before or after their COD (via an MMA or Post-COD modification).

Documentation

The ISO will assess requests and substantiating documentation based on the documents as submitted by the TPD-seeking or the TPD-retention request due dates. Documents required in the request/retention processes that are not received by the request due date will not be accepted. All documentation must be fully executed and complete when submitted. Incomplete documentation will not be accepted and will result in the request being rejected. The ISO will continue to consult with off-takers and local regulatory authorities where necessary to verify any information or claim.

Modifications to the TPD scoring criteria

To determine the order that TPD is to be allocation among projects that are eligible to seek an allocation in any given allocation group, projects seeking TPD are assigned numerical scores in various aspects of their project's development progress. Table 6 below provides the proposed scoring methodology, similar to what is described in the GIDAP Business Practices Manual, for prioritizing of projects seeking a TPD allocation within the same group where there is insufficient TPD for the whole group.

The changes from the prior proposal is shown in red font. Due to stakeholder concerns with the five-point category under permitting, the ISO removed the reference to “no significant impact that cannot be mitigated.” The item is revised to “Draft environmental report indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the approval” to align with the current Appendix DD BPM language. The ISO also added the text “the Interconnection Customer is a Load Serving Entity serving its own load” to the PPA categories minimum requirements to clarify that LSEs typically will not have a PPA when they are developing a project to serve their own load.

Table 6 will be used for the allocation cycle in 2027 and will apply to all groups except the Commercial Operation group. However, the points associated with the PPA group will only be available to projects that have a qualified PPA per ISO Tariff Appendix KK, Section 8.9.2. For the 2025 TPD allocation year, the scoring Table in the GIDAP BPM Section 6.2.9.4.2 will be used. The Commercial Operation group will have its own scoring methodology, described below, to begin in 2025.

Table 6. Proposed modified scoring methodology for prioritizing projects seeking TPD when there is insufficient TPD for the whole group

| Points (select one per category) | Permitting (unchanged from existing process) | Power Purchase Agreement Status (PPA group only) | GIA Status |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 10 | Has Final government permit to construct or Has authorization to construct with a qualifying exemption ¹⁸ | | The Interconnection Customer has provided payment and security to the Participating TO ¹⁹ |
| 7 | | | The Participating TO has received written authorization to proceed with construction from the Interconnection Customer ²⁰ |
| 5 | Draft environmental report indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the approval Draft Environmental Report w/no significant impact that cannot be mitigated | Off-taker is procuring the capacity to meet its own RA obligation or the Interconnection Customer is a Load Serving Entity serving its own load | |
| 3 | Data adequate | | Has provided to the ISO the required GIA Deposit ²¹ |
| 1 | Applied | | |
| 0 (Min. Req.) | | Has an executed PPA or the Interconnection Customer is a Load Serving Entity serving its own load | |

To provide more clarity on the requirements for the Permitting category, the following list is from ISO Tariff, Section 8.9.2.1 (1) Permitting status. No changes to these requirements are proposed.

- a. The Interconnection Customer has received its final governmental permit or authorization allowing the Generating Facility to commence construction. (10 points)
- b. The Interconnection Customer has received a draft environmental report document (or equivalent environmental permitting document) indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the permit approval. (5 points)
- c. The Interconnection Customer has applied for the necessary governmental permits or authorizations and the authority has deemed such documentation as data adequate for the authority to initiate its review process. (3 points)
- d. The Interconnection Customer has applied for the necessary governmental permit or authorization for the construction. (1 point)

Tie-Breaker

The project's earliest achievable COD, accounting for study results, will be used as a tie-breaker between projects with equal scores with the earliest current COD getting a higher ranking.

Scoring for the Commercial Operation group

The prioritization of allocations for the Commercial Operation group is proposed to be in the following order:

1. Projects that demonstrate having a procurement agreement that requires the project to seek RA²² will be given a higher priority than those that do not
2. Distribution Factors (DFAX), with the project with the lowest DFAX having the higher priority

¹⁸ Example: In accordance with CPUC General Order NO. 131-D;
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M521/K748/521748942.pdf>.

¹⁹ In accordance with Article 5.6.4 of the LGIA (Appendix LL). Performance of these obligations under SGIA (Appendix MM) shall be as defined in Article 5.6.4 of Appendix LL (LGIA).

²⁰ In accordance with Article 5.6.3 of the LGIA (Appendix LL). Performance of these obligations under SGIA (Appendix MM) shall be as defined in Article 5.6.3 of Appendix LL (LGIA).

²¹ In accordance with Appendix KK, Section 13.3.

²² The contract does not require the project to be deliverable, but requires the project to seek TPD.

Clarifications and Limitations of TPD Transfers

The following outlines TPD transfer allowances and limitations:

- No TPD transfers are permitted from Cluster 15 and later clusters to earlier queued projects (e.g., C15 prohibited from transferring to a pre-C15 project, or C16 to C15). The expectation is that projects have demonstrated sufficient scoring to be included in a given cluster's study, and will seek TPD with other projects in its cluster based on TPD available for that cluster and proceed to development accordingly.
- For Cluster 15 and later projects, intra-cluster transfers will be permitted for projects in the TPD Study Group following the existing rights and obligations associated with such transfer, including, but not limited to, the same or earlier COD, COD extension limitations, and withdrawal requirements.
- Transfers from C14 and earlier to Cluster 15 are permitted, and the transferring project will remain subject to the Appendix DD (including IPE Track 2) retention policies: The receiving customer must maintain the same requirements and obligations of the transferring project, including, but not limited to, the same or earlier COD, COD extension limitations, and withdrawal requirements.

4. Adjustment to the Second Interconnection Financial Security Posting for Cluster 14 Parked Projects

Background

The ISO proposes to adjust the due date for the second Interconnection Financial Security (IFS) posting for cluster 14 projects that opted to park following the publication of the 2024 TPD allocation results. The reason for the adjustment is the need to change the 2025 – 2027 TPD allocation cycle schedules to accommodate the unique schedule for implementing the intake and cluster study for cluster 15. The ISO intends to implement the following revised schedule for the 2025 – 2027 TPD allocation cycles.

2025 – 2027 TPD allocation cycle schedule

The 2025 seeking and retention affidavit due date for cluster 14 and prior clusters will be delayed from March 15 to September 1, 2025. The TPD study will begin on November 1, 2025, and the TPD study results will be published on March 31, 2026. With the date of the 2025 TPD allocation results occurring in 2026, no additional TPD

allocations will be performed in 2026. The 2027 TPD allocation cycle will occur on the standard schedule with the affidavits due March 15, 2027.

Appendix DD, Section 11.3.1.3 *Posting Requirements and Timing for Parked Option (A) Generating Facilities*, provides for the second IFS posting due date to be extended by 12 months. The original due date for projects that did not park was July 1, 2024, which would set the due date for cluster 14 parked projects July 1, 2025. However, this date is well before the March 31, 2026, publication of the TPD allocation results from the next cycle, requiring interconnection customers to make their second posting without knowing these results. Customers normally would have that information to help inform their decision on whether they want to make their second IFS posting or withdraw their project.

Stakeholder feedback and discussion

This topic has strong stakeholder support from most stakeholders with PG&E and SCE not opposing.

PG&E and SCE requested CAISO confirm that this extension of the second financial security posting does not interfere with commercial viability concerns or extend the "time in queue" limits or requested commercial viability be required by a date certain. The ISO notes that commercial viability criteria demonstrations are applicable at the time projects submits a modification request to extend its COD and therefore, the ISO will not define a time-in-queue requirement to demonstrate commercial viability. The ISO confirms that commercial viability concerns will be mitigated such that the ISO will provide all Cluster 14 projects a 10-month 'exempt COD extension' as needed or applicable – meaning any COD extensions required due to such change will not trigger commercial viability criteria. This is not to say, however, that the commercial viability timeline of seven years from interconnection request will otherwise be extended if the interconnection customer seeks a COD extension.

SCE does not object to delaying the 2nd IFS posting as long this proposal does not preclude the PTOs from enforcing GIDAP Section 11.3.2.6 - Shared Network Upgrades, where a parked project will be required to execute an E&P Letter Agreement with the PTO and make the 3rd IFS Posting along with project payments toward its allocated share of the Shared Network Upgrade. The ISO confirms that this change will not affect or diminish the shared network upgrade requirement. If one project is proceeding forward, all other projects sharing a network upgrade will be required to post their share of the shared upgrade(s) to ensure the timely development of upgrades/projects, including executing an E&P agreement to formalize the posting requirements.

Proposal

The ISO proposes to adjust the second IFS posting due date for cluster 14 projects that opted to park to May 29, 2026 – roughly sixty calendar days after the TPD allocation results are published on March 31, 2026. The sixty days will give the ISO a month to send out any adjusted IFS posting amounts, if needed, and the interconnection customer time to complete its IFS instruments with the PTO. This is consistent with past schedules where the due date for the second posting was 180 days after the phase II study reports being provided, resulting in an IFS due date approximately sixty days after the TPD results were provided.

Under the unlikely event that some cluster 14 projects are eligible to take advantage of extended parking (a second opportunity to park), the need to consider adjusting the second IFS posting date for any project electing to park a second time will be evaluated at that time.

The ISO will provide all Cluster 14 projects a 10-month ‘exempt COD extension’ as needed or applicable – meaning any Cluster 14 COD extensions required that are 10-months or less due to such change will not trigger commercial viability criteria. Note that customer requests to extend the COD beyond 10 months from their currently approved COD will trigger commercial viability criteria to be demonstrated when applicable.

5. Special Considerations for Interconnection of Long Lead-Time Generation and Storage Resources

Background

In previous proposals, the ISO considered special exceptions or extensions for interconnection of certain long lead-time resources that fulfill specific public policy requirements identified in the transmission plan. The ISO currently has authority to give certain long lead-time generation and storage resources points in the interconnection request scoring process, and has exercised its authority under the tariff to reserve transmission capacity for certain long lead-time resources.²³

Below, the ISO lists the capacity that has already been allocated and the locations on the system where it was allocated:

²³ Sections 8.9.1 of Appendices DD and KK to the CAISO tariff.

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The CPUC portfolios for the 2023-2024 transmission planning process include for 2035:

- Wyoming wind – 1500 MW (Eldorado)
- Idaho wind – 1000 MW (Eldorado)
- NM wind – 2328 MW (Palo Verde)
- Offshore wind (North Coast) – 1607 MW
- Offshore wind (Central Coast) – 3100 MW

The CPUC portfolios for 2024-2025 transmission planning process include for 2034 and 2039:

- Wyoming wind (Eldorado)
 - 2034 – 905 MW
 - 2039 – 3000 MW
- Wyoming wind (Tesla)
 - 2034 – 0 MW
 - 2039 – 1500 MW
- Idaho wind (Harry Allen)
 - 2034 – 1060 MW
 - 2039 – 1060 MW
- New Mexico Wind (Palo Verde)
 - 2034 – 2131 MW
 - 2039 – 3536 MW
- Offshore wind (North Coast)
 - 2034 – 931 MW
 - 3039 – 1607 MW
- Offshore wind (Central Coast)
 - 2034 – 2924 MW
 - 2039 – 2924 MW

The 2024 TPD allocation study reserved the following:

- 426 MW of TPD for offshore wind in the Central Coast area by modeling a “generic” resource.

The capacity for offshore wind resources will continue to be reserved in the future TPD study cycles to the amount of offshore wind resources modeled in the baseline portfolio at that time. Because the recent cluster 15 Point-of-Interconnection (POI) mapping information was keyed off the 2024 TPD Allocation study, the available TPD figures shown in the package of data released prior to the cluster 15 resubmission window also reflects the TPD amount held back for Central Coast area offshore wind (426 MW).

In the previous papers, the ISO proposed a process that would enable certain resources to defer their first attempt to seek TPD to better align with commercial development and procurement timelines. Eligibility was proposed for resources meeting the following criteria:

- A long lead-time resource technology (e.g. offshore wind, out-of-state renewable resources on interregional transmission, long-duration energy storage, advanced geothermal resource).
- Resource technologies that are location-constrained.
- Resources dependent on policy-approved transmission with explicit guidance to treat the resource as a long lead-time resource from the local regulatory authority.
- The ISO also proposed that interconnection customers must enter the queue requesting amounts of capacity appropriate for the amounts specified for their resource in the LRA's resource portfolio. Interconnection customers opting to use this pathway may not request more TPD than specified in the resource portfolios from the relevant LRA.

Stakeholder comment and discussion

Several parties generally supported the conceptual proposal to allow long lead-time projects to defer their first attempt to seek TPD, including ACP-California, CalCCA, CalWEA, EDF-Renewables, and SDG&E.

The CPUC supports the proposal to enable the reservation of capacity that can eventually enable the deliverability of particular “non-routine” or long lead-time resource types by the amounts identified by LRAs. In its most recent Proposed Decision in the Integrated Resource Planning proceeding, the CPUC provided information and direction in support of this clear and transparent process to identify and determine eligibility of the option to defer the first attempt to seek TPD.

CalCCA notes that the ISO and CPUC should be careful not to oversize TPD reservations for these resources to the point that other technologies are unable to obtain TPD when commercially viable and support system portfolio needs. The ISO agrees and views this as a limited option to ensure that policy-driven, long lead-time location-constrained resources that require their own specific transmission actually have that transmission available to them by the time they are ready to interconnect. CalWEA also sought clarification that the process for identifying long lead-time resources requiring TPD reservations does not apply to any particular procurement entity, but rather applies to the Local Regulatory Authority portfolios that should identify these long

lead-time, policy driven resources. The ISO confirms that long lead-time policies will not be limited to, for example, CPUC policies or any particular procurement entity. The transmission planning process will consider the public policies and resource needs of all LRAs in the ISO.

Six Cities highlighted the need to ensure that procurement requirements of non-CPUC jurisdictional LSEs are addressed for purposes of assigning deliverability to long lead-time resources. The ISO agrees and commits to close coordination with all LRAs and non-CPUC jurisdictional LSEs.

Several parties requested clarifications and suggested that the ISO provide additional opportunities for discussion before moving this item to a Final Proposal. These parties include CESA, Clearway, MN8, NCPA, PG&E, Rev Renewables, Six Cities, SCE, and Terra-Gen.

LSA opposed the proposal to define long lead-time resources and allow them to defer their first attempt to seek TPD, noting their view that the draft final proposal was unduly discriminatory, unnecessary, and not sufficiently developed.

Eligibility

ACP-California noted that the proposed process provides a level of transparency and due process that will provide better assurances to all resources and users of the grid regarding the reservation of capacity and the resources that can qualify to compete for the TPD that has been reserved.

CalWEA and Clearway asked the ISO to more clearly define the proposed criteria for the resource type and technologies that will be eligible for transmission capacity reservation. CalWEA suggested that the ISO include resources whose development and permitting lead-times are relatively longer than others. CalWEA further suggested additional definition to the term “location-constrained” and clarification that a resource must be both long lead-time and location-constrained. Clearway expressed concern that the proposed eligibility leaves specific details to future stakeholder process and noted that it is not clear how the criteria described by the ISO above relates to the future legal standard for long lead-time resources in the TPP. Clearway also sought more specific criteria up front to define eligible long duration energy storage resources. Intersect Power and LSA suggested that long lead-time treatment should only extend to resources designated by the LRAs as requiring such treatment based on technology type. The ISO defers further definition of eligibility in this final proposal and will instead use the process proposed in the draft final proposal and below to work with each LRA to designate long lead-time resources on an annual basis in a public and transparent manner, based on the relevant circumstances at that time. For example, the ISO agrees

with the need for more definition of eligible long duration energy storage resource, however the intent is to design a process that is flexible and adaptable to technology advancement, market development, and procurement going forward. The ISO will look to the LRAs to define specific eligibility based on their resource planning processes on an annual basis so that any transmission reservations reflect the need for specific resource types at that time. Finally, the ISO also agrees with Clearway's suggestion that future reservations of TPD should clearly specify the busbar and amount of capacity reserved.

As described below, Invenergy suggested extending relief to long lead-time projects already in the queue through the opportunity to defer the first attempt to seek and retain TPD. LSA noted that limiting extensions or relief to long lead-time resources is unduly discriminatory and should be applied to all resources with CODs that extend out many years into the future. As discussed in the draft final proposal, the ISO does not agree that such treatment is warranted for technologically mature and non-location-constrained resources with distant CODs, but will reconsider these comments during the next IPE initiative.

LSA objects to the criterion that a project be location-constrained, aside from LRA guidance or other legal requirements in setting TPD reservations. The ISO notes that this is guidance, not a strict criterion, to be further developed in coordination with LRAs during the transmission planning process.

NCPA sought clarification as to whether pumped hydroelectric storage falls within the definition of long-duration energy storage. The ISO will defer to the LRAs to determine eligibility of certain resource types in future transmission planning processes, as proposed below.

PG&E noted that limiting TPD reservations only to policy approved transmission can be restrictive and asked the ISO to consider expanding eligibility. The ISO understands this concerns and plans to leave flexibility to the LRAs to determine the specific resource needs. The characteristics listed in the proposal below are guidance, but may vary slightly from year to year depending on resource needs from the LRAs. For TPD to be reserved for resources that are broadly considered long lead-time, such as pumped hydroelectric storage or geothermal, an LRA would have to identify that resource in its resource plan.

SCE suggested that the ISO explore the appropriateness of creating carve outs for certain technologies that match LRA suggested portfolios, noting that some resource types are arguably more long lead-time than others. In response, they suggest that the

ISO institute a development timeline. The ISO appreciates the complexity of this approach but defers to the LRAs in such a determination.

Opportunity to defer first attempt to seek TPD

CalCCA sought clarification that once a resources is within the three-year window for seeking deliverability, long lead-time resources would need to follow the standard process for TPD allocation. The ISO confirms that this was the intent behind the proposal.

Clearway supported the proposed extension for long lead-time resources to seek TPD provided it is also offered to other resources with long lead-time upgrades. Intersect did not oppose allowing long lead-time resources to defer their first attempt to seek TPD but suggested that the ISO ensure that they are still on the hook to fund network upgrades they are sharing with other non-long lead-time resources as soon as these faster paced resources start to fund them. The ISO no longer proposes the extension and will consider these comments in a future IPE initiative.

Inverenergy's comments focused on "early adopters" of long lead-time technologies, such as offshore wind project developers who are already in the interconnection queue, but extending the option to defer the first opportunity to seek TPD to long lead-time projects in the queue. As described in the draft final proposal, the ISO has significant concerns with any proposal that would change the rules for some—but not all—resources currently in the queue. As such, this issue will be reconsidered in the future IPE initiative.

LSA expressed concerns with the timeline proposed for re-initiating the process of seeking TPD and suggested allowing resources to postpone their retention deadlines. Terra-Gen supported LSA's proposed alternative. The ISO considered these suggestions and responded in the draft final proposal. Allowing all resources to defer their retention requirements would result in interconnection customers locking up deliverability for all future clusters. Nonetheless, the ISO will continue to consider these concepts and alternatives in a future IPE initiative.

Amount of TPD requested and reserved

CalWEA recommended the ISO reserve existing available capacity and plan for additional capacity as necessary to accommodate the total amount of eligible resources requested by LRAs in each transmission zone. The ISO confirms that it will reserve the lower of either the capacity of long lead-time FCDS in the approved LRA portfolios or the transmission capacity created by transmission plan upgrades for specific long lead-time public policy requirements.

LSA questions the need to reserve TPD to ensure its availability for long lead-time resources, noting “Existing and previously approved transmission, by definition, was approved for other, non-LLT resources, including those expected to be online and provide needed Resource Adequacy to load, well before LLT resources...Effectively, the CAISO would be undermining its own principles (reserving capacity for the purpose it was approved previously) to give favored treatment to LLT resources that may or may not develop. Terra-Gen shared these concerns. The ISO understands these concerns but notes that it currently has tariff authority to reserve transmission capacity and only exercises this authority with clear direction from the LRAs. Existing and previously approved transmission would either be for reliability, policy, or economic needs. The sufficiency of these solutions are tested in each subsequent TPP cycle and adjusted as needed for reliability, economic, or deliverability of other planned non-LLT resources.

MN8 expressed concerns that the ISO is reserving more TPD than is optimal for offshore wind, noting a discrepancy between the 2024-2025 TPP Final Study, which used maximum output, and offshore wind’s ELCC value. The ISO is not aware of any discrepancy. In the 2024-2025 transmission planning process of the deliverability analysis, the ISO used the dispatch assumptions for offshore wind documented in the planning process Study Plan. These were also used in the 2024 TPD allocation and the 2024 Reassessment and will continue to be used in deliverability studies going forward unless there is a need to update the specific values. The ISO also notes that offshore wind in the portfolio is specified as FCDS. Therefore, the ISO is reserving enough transmission, at the busbar level of detail, to meet that specification. FCDS resources must pass the ISO deliverability test methodology.²⁴ The current deliverability study amount for offshore wind is 83% of nameplate.

NCPA requested additional detail regarding internal transmission constraints impacted by proposed offshore wind development, requesting what TPD is being reserved down to specific busbars. The substations/POI that are behind each of the constraints are identified in the [transmission capability constraint tables](#) along with the available capacity behind each of the identified constraints. The long lead-time resource transmission plan deliverability being reserved is based upon the specific capacity and location provided in the CPUC base portfolio for the specific transmission plan for the long lead-time resources.

²⁴ See section 3.5.1 <https://stakeholdercenter.caiso.com/InitiativeDocuments/Final-Study-Plan-2024-2025-Transmission-Planning-Process.pdf>

Triggers for releasing reserved TPD

The CPUC sought clarification that reserved TPD should only be released into the generic deliverability pool when the LRA explicitly requests that CAISO stop reserving the specific capacity that had been previously requested for reservation. The ISO confirms that it would only release reserved TPD upon formal and explicit notice from the requesting LRA to stop reserving the specific capacity that had been reserved.

Clearway, EDF-R, PG&E, and Terra-Gen proposed requiring long lead-time resource developers intending to use reserved TPD to provide regular updates demonstrating progress towards commercialization. The ISO declines to adopt this new requirement at this time, because it is the responsibility of the LRA to monitor such progress.

Intersect power opposed the ISO's proposal to reserve existing TPD and recommended that only TPD created by new transmission upgrades approved for a specific long lead-time resource be reserved. Intersect did not specify a reason for this opposition. The ISO clarifies that it already has tariff authority to reserve TPD for specific resources and does not propose changes to that authority. Rather, the ISO is proposing additional transparency around the process to designate long lead-time resources and reserve associated TPD.

LSA sought clarifications on the specific amounts of TPD that would be released and the circumstances under which they would be released. Ultimately, LSA suggests that the reserved amount of TPD should be released when changes in an LRA's portfolio indicate it is no longer needed. The ISO agrees and provides these clarifications in the proposal below.

NCPA emphasized the importance of clear rules and requirements to determine viability of a long lead-timer resource, allowing the ISO to make an ultimate determination of when a resource is no longer feasible. Just as the ISO takes guidance from LRA resource plans to reserve TPD, the ISO also proposes to follow the direction of LRAs to determine whether reserved TPD should be released.

Need for additional detail and discussion

Several parties suggested additional discussion to inform development of this proposal on this topic.

Inverenergy requested reconsideration of the issue, and implementation of any resulting changes prior to the September 1, 2025 affidavit due date for the next TPD allocation cycle. As noted above, the ISO commits to reconsidering this issue prior to the opening of the Cluster 16 window, but cannot at this time commit to implementation of this particular issue by September of 2025.

Proposal

Eligibility

The ISO proposes a clear and transparent process in the annual transmission planning process in coordination with the LRAs to clearly identify TPD reservations. Like the upgrades that support the generators, the TPD reservations will result from the transmission planning process's evaluation of LRAs' public policy requirements, consistent with Order No. 1000. While the ISO currently has the authority to reserve transmission capacity for certain long lead-time resources, stakeholders have asked for more transparency around this process in this initiative. In this process, the ISO will also provide more regular transparency around TPD reservations resulting from policy guidance of the LRAs.

The ISO will continue to reserve transmission capacity commensurate with the lower of (a) the MW quantity of long lead-time FCDS generation and storage in the approved LRA portfolios submitted to the ISO in the most recent TPP and (b) the transmission capacity created by the transmission plan upgrades for the specific long lead-time public policy requirement.²⁵ There may be cases where a long lead-time resource already has available transmission capacity; in these cases, transmission capacity can still be reserved by the identifying LRA in support of that LRA's public policy. The transmission plan will provide transparency as to what transmission capacity is reserved for long lead-time resources. The ISO considers the following characteristics to suggest treatment of a particular resource as long lead-time, and will use these characteristics as guidance in the annual process to designate long lead-time resources with LRAs in each year's transmission plan.

- A long lead-time resource technology (e.g. offshore wind, out-of-state renewable resources on interregional transmission, long-duration energy storage, advanced geothermal resource).
- Resource technologies that are location-constrained.
- Resources dependent on policy-approved transmission with explicit guidance to treat the resource as a long lead-time resource from the CPUC or local regulatory authority.

These characteristics are intended to be flexible to accommodate the various public policies for which LRAs may trigger new transmission plan upgrades. Deliverability will only be held for long lead-time resources that the transmission planning process

²⁵ This may include the use of existing transmission and upgrades.

upgrades were designed to support. Specific long lead-time resources will be defined by the LRA(s) creating the public policy and the transmission planning process selecting the upgrades.

The ISO will only reserve TPD consistent with, and not to exceed, what is included in the approved LRA resource portfolios, submitted to the ISO in the most recent TPP. To the extent that a resource (or multiple resources) seeks deliverability beyond what is approved and reserved in the portfolio, the interconnection customer(s) will have to compete for the excess, based on the deliverability allocation scoring process that is used for all resources seeking TPD. If a tie-breaker is necessary, the project's COD will be used as a tie-breaker between projects with equal scores with the earliest current COD getting a higher ranking. This is consistent with the proposed treatment of all resources seeking TPD in the conditional allocation group, in Section 2.

To transparently designate and communicate TPD reservations, the ISO proposes the following process:

1. The transmission planning process will specify what types of resources will qualify to be eligible for reserved TPD, namely, the resources that support the public policies requiring new transmission.
2. Within each recurring transmission planning process initiative, LRAs will have an opportunity to review the standards and provide the ISO with a more explicit list of qualifying resources eligible to compete for reserved TPD.
 - For example, the ISO expects that the CPUC will provide its list as part of its decision conveying TPP scenarios before the TPP commences.
 - The complete list of qualifying resources will be subject to stakeholder comment in the TPP.
3. The ISO Board-approved transmission plan will then include a description of the qualifying long lead-time resources for each long lead-time policy upgrade, specific to that transmission plan, and informing future clusters.

This process can be used to provide specificity and transparency regarding the amount of transmission capacity that will be reserved for long lead-time resource deliverability in the future, and will articulate which resources are eligible to enter the interconnection

queue with long lead-time resource points and to later defer their first attempt to seek deliverability.²⁶

Option to defer first attempt to seek TPD

The ISO no longer proposes to provide eligible long lead-time resources with an option to take additional time to seek TPD to better align with commercial milestones and procurement. The ISO does, however, intend to include this in the scope of the next IPE initiative, which will be resolved prior to the cluster 16 interconnection request application window.

Releasing reserved TPD

The ISO proposes to release reserved transmission capacity into the generic RA deliverability pool if specific long-lead-time resources or their associated transmission upgrades identified in the transmission plan do not materialize. Reserved TPD should only be released in the event of formal cancellation of an associated policy-driven transmission project or if the resource is later removed from the LRA's portfolio due to project failure (and is not added to another LRA's portfolio in the same timeframe), with formal written decision by the LRA that originally included the resource in its portfolio. The ISO proposes that any decision to release reserved TPD would also have to go through the ISO's transmission planning process.

6. WEM Governing Body Role

This initiative proposes certain tariff amendments to enhance the process for studying and approving interconnection requests. ISO staff believes that these proposed tariff changes need to be considered only by the Board of Governors and that the WEM Governing Body has no role in the decision.

The Board and the WEM Governing Body have joint authority over any

²⁶ To the extent that the ISO proposes tariff changes to the interconnection request intake process to align with this proposed long lead-time process, those changes can be explored in a future IPE initiative, where the ISO will also consider all modifications to the recently adopted track 2 reforms.

“proposal to change or establish any CAISO tariff rule(s) applicable to the WEIM entity balancing authority areas, EIM Entities, or other market participants within the EIM Entity balancing authority areas, in their capacity as participants in EIM. This scope excludes from joint authority, without limitation, any proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.”²⁷

Charter for EIM Governance § 2.2.1. The tariff changes proposed here would not be “applicable to EIM Entity balancing authority areas, EIM Entities, or other market participants within EIM Entity balancing authority areas, in their capacity as participants in EIM.” Rather, they would be applicable “only to ... the CAISO-controlled grid.” Accordingly, these proposed changes to implement these enhancements would fall outside the scope of joint authority.

The WEM Governing Body also has an advisory role that extends to any proposal to change or establish tariff rules that would apply to the real-time market but are not within the scope of joint authority. This initiative, however, does not propose changes to real-time market rules.

Stakeholders are encouraged to submit a response in their written comments to the proposed classification as described above, particularly if they have concerns or questions.

7. Stakeholder Initiative Schedule

The schedule for stakeholder engagement is provided below. The ISO presented its proposal for track 1 to the Board of Governors in May 2023 and presented its track 2 enhancements to the Board of Governors in May and June 2024, with the Board of Governors approving track 2 on June 12, 2024. The ISO intends to bring this proposal to the Board of Governors in March of 2025, which will require an aggressive schedule for receiving and reviewing stakeholder comments, and developing a final and final proposal.

²⁷ Charter for EIM Governance § 2.2.1.

2023 Interconnection Process Enhancements
Track 3 *Updated Final Proposal*

| Date | Milestones |
|-------------------|------------------------------------|
| February 18, 2025 | Final proposal posting |
| February 25, 2025 | Stakeholder call on final proposal |
| March 4, 2025 | Comments due on final proposal |
| March 2025 | Board of Governors Meeting |